

# Towards the Great Crash

## American Economic Policy at the Twilight of “Golden Twenties”

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This study is a follow-up of my text from the previous journal issue, which was dedicated to an analysis of Herbert Hoover’s economic policy in the United States of America in the 1920s.

The rise in consumption was apparently the most distinctive feature accompanying the boom of the 1920s. On the one hand, it was understandably the consumption of the population that was most important; on the other hand, a surprisingly significant part was also taken by community work schemes, especially aimed at building infrastructure. In those years it was the state which — as well as in the past century when it would greatly support constructing the railroad system — was playing a decisive role when backing up the development of road and superhighway systems, as well as building airports for growing air transport.<sup>1</sup> Constructions financed from public funds — federal, state or municipal ones — kept absorbing more capital and would employ more workforce than any other private branch of industry. Due to these interventions, the automobile industry could thus experience years of exceptional growth. At the beginning of the critical year the automobile industry would process 15 % of all steelworks production, directly or indirectly employing 3,7 million workers. At the beginning of 1914 there were registered more than 1,25 million cars in the USA; in 1929 this number exceeded 26 million.<sup>2</sup> There was one automobile per 5 inhabitants, and the car had become part of a common standard for an average American family. The same would go for the radio sets; in 1929 at least one was owned by 40 % of the families, expenditures for buying them went up four times. Unprecedented expansion of the first non-printed media<sup>3</sup> would make an impact concerning different spheres of social life.<sup>4</sup>

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1 Providing federal orders for mail transportation and for building airport infrastructure was legislatively regulated in Kelly Act of 1925.

2 DILLARD, D., *Economic Development of the North Atlantic Community: Historical Introduction to Modern Economics*, New Jersey 1967, p. 577.

3 In 1927 the first law to regulate the private radio stations broadcasting was passed.

4 Probably nobody supposed that in the time of Roosevelt’s New Deal it would be the very radio sets that would be playing such an important role when promoting and propagating the government measures among tens of millions of Americans from all social strata.

We may state far too many examples of numbers like these; however, what is more important, these new phenomena in consumer behaviour — instalment sales, automobiles, advertizing, the radio — had a massive and unpredictable influence on some spheres of the economic and social life that did not seem to have any relation to one another. We have already dealt with the relation between the boom in some branches and advertizing industry; this relation is clear enough. This is not so true e.g. about motoring, and how this growing phenomenon were to influence the social structure of the society (urbanization in process) and regional disproportions when talking about the allocation of the key industry branches. As totally unforeseen was left the impact of distance shortening as a result of using automobiles more on the banking sphere: in the course of the 1920s the number of local banking and financial institutions that had to be closed down as they had not been able to compete with stronger rivals in towns or larger cities had dramatically risen. Naturally, this happened in the past too — the only difference being the speed at which the concentration of commercial banks was puding forward in the mentioned period. Such pressures, together with the disaster after 1929, caused that the traditional structure of American banking system had disappeared during the first post-war decade.<sup>5</sup>

Concentration of property and property rights to it was one of other distinctive features of the post-war years. After progressivist efforts to inhibit this process, the 1920s can be characterized as a period of limited pressing for effective legislative<sup>6</sup> and virtually zero progress in this sphere. The partnership of the government and big private enterprises was, on the other hand, viewed as positive and generally beneficial. However, it is necessary to point out that a strong impetus for another wave of the process of concentration (the first ones occurred as early as in the 19th century, in the time of rapid industrialization) was represented by the World War I and by governmental commissions as part of war production, as well as by continuing customs protectionism and supporting the powerful American corporations' activities abroad throughout the term of the Republican administration (after all, the first term of Franklin D. Roosevelt's presidency did not differ in this respect). Thus the market pressures to a certain extent contributed to the influence that was exercised by direct or indirect state interventions on the entrepreneurial environment.

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ta. It was the first massive use of non-printed media in the free world, and that's why the propagandistic success of Roosevelt's regular Sunday programmes (the so called fireside chats, see further on in the text) so staggering and unexpected. If we give a thought to the deeper relations of some of his measures, the very trust in the president's steps that had been brought to the public's notice through direct contact on the radio, especially in spring 1933, in the time of controversial banking measures, was among the factors that may have had decisive significance for conquering the absolute disillusionment resulting from the financial system collapse.

5 WHITE, E. N., *The Merger Movement in Banking, 1919–1933*, in: *The Journal of Economic History*, Vol. 45, No. 2, 1985, pp. 285–291.

6 A significant role was being played by the conservative- thinking Supreme Court presidied over by W. Taft. Thus the court de facto suspended the strictest anti-trust laws through some of its resolutions.

Concentration of property or, at least, concentration of exercising property rights affected virtually all branches of the national economy without any substantial regional disproportions. In view of what was said above, it manifested itself very distinctly in the sector of public service (power plants, gas industry); however, newly formed up supercorporations were no exception in other industrial, transportation, communications or financial companies. American companies were protected by high customs barrier in the home market,<sup>7</sup> which, together with a relatively open market for American goods<sup>8</sup> abroad would create ideal conditions for mergers of companies that were already powerful enough. Most often there would come into existence branch-oriented trade associations, founded on mutually respected market divisions, wage tariff agreements, price policy etc. Such informal, friendly, cartel-like agreements enjoyed wide support with the government circles, and apart from classic companies of a holding nature, trade associations ranked among the most common forms of de facto monopolistic arrangement.

Monopolization also made headway thanks to the transition to financially (automobile industry, constructions based on high investments) or technologically (heavy engineering) exacting productions which would benefit from indirect support from state authorities. In 1929 more than 20 % of US natural riches was under control of 200 largest corporations, while capital growth of these companies would surpass the sums in smaller companies three times. Throughout the 1920s the number of mergers kept going up, with a growing number of concerns that had to close down at the same time. For example, the number of recorded mergers in manufacturing and mining industries had risen from 67 in 1922 to 221 on the eve of the boom's end. During the same time, the number of defunct concerns had reached a staggering quadruple.<sup>9</sup>

A similar process was also seen in banking. This industry had to wrestle with systemic problems in the post-war period, originating from a necessity to replace the automatic model of the golden standard functioning. In 1921 there existed almost 31 thousand banking institutions in the USA; their number having gone down to a little more than 25 thousand before the stock exchange crash. The number of banks going bankrupt did not go under the number of 367 in any of the years in question, with its climax in 1926 when 967 subsidiaries had to be closed down. As far as their capital is concerned, virtually all the bankrupting banks were weak and found themselves in declining, mainly agricultural areas. In 1929 one per cent of the most powerful banking houses had under control more than 46% national financial funds.<sup>10</sup>

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7 Fordney-McCumber tariff of charges (1922) in fact monopolized the position of some metalworking (e.g. United Steel Corporation) or chemical enterprises.

8 A classic example is represented by the Weimar Germany with a commanded asymmetrical most-favoured-nation-clause (as stipulated by the peace treaty of Versailles). Thanks to it the German market was open to American production exports without any reciprocal steps of the United States.

9 SHANNON, D. A., *Twentieth Century America*, Volume II: *The Twenties and Thirties*, Chicago 1977, p. 78.

10 *Ibid.*, p. 79.

The American banking system was relatively young and it had in fact only started to shape its centralized form. After overcoming the turbulences from the times of mushroom industrialization following the civil war, and after reconciling the disputes over the nature of the currency covering<sup>11</sup> the Federal Reserve System was established in 1913 on the basis of a democratic banking scheme, the aim of which was to stabilize the American banking and financial system, and adapt it to modern conditions. The Fed was under the influence of Treasury Department with the purpose of complementing other tools of the government policy. After the world currency system founded on the golden standards had virtually come apart, the Fed would be searching its place in the American financial system and it would gradually get powers to really influence currency aggregates. In this process an important role was played by Andrew Mellon, Secretary of the Treasury, and by Benjamin Strong, the influential governor of New York's Fed. Under their lead the Fed would be carrying out experiments in the sphere of monetary policy as to influence the real economy. Thus, in the 1920s the United States might have been the very first large economy in which the state would — through its central bank — put into effect its attempts at long-range stabilization of the economic cycle by means of its monetary policy tools. The very same liberal interventions should have prevented the devastating financial crises, which would deflect economies from their long-term growth trajectory, from happening again and again.<sup>12</sup> Today it is common knowledge that the results of such efforts turn out to be the very contrary; however, in the time we are dealing with such views on harmful effects of the strategy of stabilization were regarded as marginal.<sup>13</sup> Moreover, the banking system was undergoing a significant change, while the public was beginning — to a much greater extent than before — to make use of its products aimed at the stock market, and regarding the fact that there were neither legislative nor institutional barriers, this sphere of activities was to a considerable degree overlapping the original, trust functions of commercial banks.

What makes a purely economic analysis of the development of the financial and banking system complicated to a considerable extent is the fact that most governmental steps aimed at influencing the economy through monetary implements were supposed to function more or less as informal recommendations. This followed from a specific relation between state bodies and private entrepreneurial institutions, which built on mutually favourable terms rather than on regulation measures, on partnership rather than legislative adjustments. Non- systematic, arbitrary measures were thus to occur more and more often, with their potential, unexpected consequences even more dangerous. For most of the decade both the government and the FED had been trying to implement a policy of regulated credit inflation which was to become well-known as the policy of stabilization. The principle of free trade

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11 The long-lasting conflict between the supporters of monometalism and bimetalism was only solved after the victory of W. McKinley in the presidential elections of 1896.

12 On defending the policy of stabilization in the 1920s see HAWTREY, R. G., *The Art of Central Banking*, New York 1932.

13 E.g. the followers of the Vienna School, Emil Moreau, etc. (CHANDLER, L. V., *Benjamin Strong, Central Banker*, Washington 1958, pp. 379 and more).

and hard currency was being artificially replaced by a more simple and more easily defensible policy of protective customs duties and monetary funds inflation.<sup>14</sup> The intrastate policy of stabilization was to ensure a long-term price balance and prevent real incomes from

decreasing in the United States (the same situation was in Great Britain in the same period of time). The cheap dollar and easily accessible loans should have provided for foreign trade to flow smoothly, disregarding American protective customs duties and the British pound which was being artificially stabilized. This period of experiments with long-term economic stability culminated by the so called easy money episode in 1924–1927, when the voluntarist currency policy as described above was together with falling taxes on big corporations incomes as well as with cutting federal expense a source of unusual prosperity.<sup>15</sup> Thus, the result confirmed the prerequisite that monetary policy could be used for generating economic activities effectively and without any higher risks. The fact that the fundamental confusion in the sphere of monetary policy was becoming more and more of a problem was to manifest itself later, when all the hidden interventions and their consequences were fully disclosed by the stock market crash and the subsequent panic in banking institutions.

With the concentration of the economy, strengthening the proprietary positions of big corporations, and structural as well as regional disproportions in the national economy growth was also connected considerable differentiation from the viewpoint of riches distribution. This is nothing unusual whenever the living standard keeps going up; and income differentiation ranks among the motivating factors of capitalist economy. However, in the 1920s this trend would make extremely rapid progress thus interfering with social stability, which was slightly ironic in the time of a general economic boom. But it is necessary to add that only a part of such rapidly opening income scissors could be ascribed to the influence of inherent mechanisms of the market economy. It was the state policy which had the essential impact, as it de facto kept supporting this trend, although it would many times pretend the opposite. Much of this has already been mentioned above — big corporations would benefit from state commissions when building the infrastructure, from governmental aid when winning through in the foreign markets and, obviously most of all, from the protectionist customs policy. If we look into this problem from the structural point of view, we cannot but notice that there exist a marked correlation between the property concentration and wealth in a given industry, and the rate of customs tariffs imposed on the given commodities import.

The wealth distribution was so disproportionate in the 1920s that from the social point of view it started to become hardly supportable, even if we take into consideration the strong individualistic and anti-egalitarian tradition in the United States. With the boom reaching its peak, 5 % of the population would command one third

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<sup>14</sup> ROTHBARD, M. N., *America's Great Depression*, Los Angeles 1972, pp. 128 and on. The credit expansion coincides with the duration of the boom — it began in 1921 and ceased at the end of 1928.

<sup>15</sup> In the years 1924–1926 there were built 11 million new detached houses, the absolute majority of which having been financed by means of easily accessible mortgage credits.

of the incomes and 5 % of families would have more than one quarter of household incomes at their disposal. In the first year of the crisis one fifth of the families had an income of up to 1,000 dollars per year, more than two fifths up to 1,500 dollars and nearly three quarters did not reach an income of 2,500 dollars, which was a sum of money considered to be a sound one. The percentage of the richest Americans as to the overall incomes had risen by one half during the post-war decade, the share of the richest ones 5 % by more than one third.<sup>16</sup>

Such data would not have to be significant, from the point of view of macroeconomics. Nevertheless, they would manifest themselves later in a very negative way, by means of a much more rapid decrease in the demand having the purchasing power than it could have been expected in a situation when the distribution of wealth were less differentiated. What's more, thanks to the reduction in progressive taxation it was the strata with highest incomes who the bulk of the money for stock exchange speculations was released for; and it was the very strata who more and more did business on the verge of profitability. Regarding the increasing rate of the demand with the purchasing power realized by means of instalment plans, the percentage of total incomes placed in securities was thus even higher. As a result of property concentration, there also came about less distinct but politically significant shifts in the post-progressivist era concerning the redistribution the influence of individual social and lobbyist groups. In the time of GOP administrations (i.e. Grand Old Party) the real political influence shifted together with the controlled riches under the control of a relatively little group of Americans who had enough possibility to push through their own interests within the democratic mechanisms. The other side of the coin was represented by the fact that other groups, boasting their influence before, had been deprived of their power, or their real influence on decision making had dropped. Among those groups were, first and foremost, trade union congresses, various Afro-American associations, women's movement and partially also less numerous organizations of agriculture primary producers. These groups would only put up with their unfulfilled ambitions with difficulty, thus creating a sort of base for the „silent majority“ who would play an important role in a crushing election defeat of the Republicans, closely linked to entrepreneurial circles in the time of the crisis. And it was where various extremist movements of the 1930s, which directly or indirectly strove for the installation of an economic system more or less moving away from the democratic capitalism, would find support.

It is ironic that it was the very Secretary of Commerce, Herbert Hoover, who — as one of the few members of the establishment in power — would point out with caution to many controversial features of the development in the 1920s. Another prominent representative of the GOP wing, Charles Hughes, held the post of State Secretary;<sup>17</sup> such political differentiation resulted in actual resigning the former leading supporters of moderate reformism to any steps that might have guided the devel-

16 WILLIAMS, W. A., *Americans in a Changing World: A History of the United States in the Twentieth Century*, New York 1978, p. 178.

17 In 1930 he was appointed the head of the Supreme Court; his attitude to New Deal was not straightforward. He held the post until 1940.

opment towards reasonable direction. As Hoover did not keep his future presidential ambitions secret, he — for obvious reasons — would avoid any comments regarding the weak points of the American economy which could put continuous prosperity in the next years in jeopardy.<sup>18</sup> Long-term problems, especially those of a structural character, tended to be thus neglected and their solutions were looked for within a policy that did not get out of the rut of the model based on Hoover's cooperative individualism and on voluntary, mutually beneficial cooperation.

Of the whole of American economy after the crash of 1929 was symptomatic the development of two spheres that — from the viewpoint of an unbiased observer — must have appeared to have marks signalling the necessity to radically change the existing policy. Those spheres were agriculture and stock market speculation. As for the reasons, these were totally different, but together they symbolized the problems to come. Agriculture was to herald them, the stock market was to trigger them. If the general atmosphere of the 1920s may tempt us to use the term „liberal era“, then the sectors of agriculture and stock market business rule something like this totally out. If we dare speculate about the 1929 events as the collapse of liberalism, we may only do so on the condition of absolute disregarding the two business branches for the impact of state interventions were more than pernicious. However, it is necessary to stress — as several times before — that mainly with the capital market most of the governmental measures had an implicit, informal character.

Now let me briefly describe the situation in agriculture. First of all, it is necessary to reject two claims that occur surprisingly too often. The first one puts it that American agriculture ran up against problems through the absence of any governmental policies regulating the effect of the market; the second one says that the agricultural strategy of Roosevelt's administration differed on principle from that promoted by Republican governments, especially the last one, Hoover's.<sup>19</sup>

The first assertion is not true for two reasons; firstly, a similar development was being experienced by the agrarian sector in all countries striving for industrialization and, as it turned out, state interventions could only break down these natural changes into a longer period of time. Secondly, a large portion of the complications farmers had to face in the 1920s had their roots in the time of the WW1 when American agrarian sector was — thanks to state collection — set up to cover the deficits in the production potential of European allies. Whenever a war conflict is over, agriculture in those countries that were not affected by direct war hostilities undergoes a period of serious recession as a result of natural stimulation of the production capacity in those countries which are still in war. That's why in the years 1919–1921 the prices of farmers' produce in the USA dropped by 48 %, and relative prices of agricultural

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18 Speculations put it that Calvin Coolidge refused to run for president again in 1928 as he expected some problems that would call for a decisive change in governmental policy. For the circumstances regarding his decision see e.g. McCOY, D., *Calvin Coolidge: The Quiet President*, New York 1967, pp. 380 and on.

19 For the deeper analysis into the roots of the agrarian policy in the period between the wars see FITE, G. C. — REESE, J. E., *An Economic History of the United States*, Boston 1965, pp. 447–450.

production kept going down in the following years.<sup>20</sup> Rationalization measures kept increasing the productivity rapidly, which would logically push the prices down, and so the share of agricultural product in the national product would decrease from 16 % in 1919 to 12 % ten years later. The situation of big and small farms, however, was considerably different. Big farms could benefit from their ability to act at a local level as an influential lobbying force, and after the Agricultural Bloc came into existence, they became a not-insignificant player at the federal level. Gradually they succeeded in putting through such measures that should have contributed to stabilizing the agrarian sector. This happened through taking large agricultural associations out of anti-trust legislative, backing up the foundation of specialized credit banks, subsidizing production and sales cooperatives. Those steps resulted in slow elimination of small-scale farmers, and in postponing the necessary measures aiming at slimming down the agrarian sector in the future.

In 1922 there appear the terms “equality for agriculture” and especially “parity” at the National Agricultural Conference; the latter determining a fixed proportion between the prices of agricultural inputs and outputs, thus making it the main means of solving the agrarian sector problems.<sup>21</sup> This proposal turned out well in Congress in January 1924 when the influential senator Charles McNarry and Gilbert Haugen, member of the House of the Representatives, put through<sup>22</sup> the first version of a bill that was supposed to grant farmers an equal opportunity of benefiting from protective tariff advantages. On the basis of this so called McNarry-Haugen Bill there should have been formed a federal agricultural fund which would buy up market surplus of selected commodities for the prices as set at the pre-war average level. The price set in such a way should have — alongside with the customs tariff — protected the home market from cheaper foreign competition (mainly from Argentina, New Zealand, Australia and Canada). The surplus products were to be then sold for the world price on foreign markets, while the difference between the home and the world prices ought to have been covered with the proceeds from the “equalization fee”, set for each commodity separately.

This first bill of its kind did not come through, and the same goes for the second one two years later.<sup>23</sup> It was only the third and fourth bills of 1927 or 1928 that were passed; however, they were — as “anti-American and anti-constitutional” vetoed by President Coolidge. These acts directly followed the progressivist legacy, and their main significance consisted in continuing the process that was at latest started off with the end of the Great War getting nearer and with the arrival of a post-war recession — a process that would make the agrarian problems a topic discussed at the federal level. In view of the institutionalization of farmers’ problems in the supreme

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20 However, in 1920 the average prices of agricultural produce were twice as high as in 1910.

21 ROBERTSON, R. M., *History of the American Economy*, New York 1964, p. 433.

22 Among outstanding promoters of this attitude were Georg Peek and Hugh Johnson, later known as prominent figures of New Deal.

23 Its authors obliged a better organized lobby formed by producers from the Middle-West and the West, entirely ignoring the interests of cotton and tobacco producers from the South; those prevented through their influence the bill from passing in the Senate.



law-making bodies<sup>24</sup> the agricultural lobby had become one of the most influential interest groups, and it did behave accordingly in the years to come. In 1928 the problems of agriculture ranked among the cardinal topics of Democratic canvassing; the representatives of the American South united with those from the West again, and this pragmatic partnership formed up a force that would frequently play — when making a nation-wide policy, not only agrarian — a key role in the following years.

If we look into the proposals offering how to solve the agrarian problems in the 1920s, in the time of the crisis and during Franklin D. Roosevelt's administration, we do find considerable parallels and more common ground than fundamental differences. The difference between the proposed ways of dealing with agrarian surplus did not lie in the quality or logic of the proposed steps; it only lay in external circumstances and the degree of the problems the agricultural sector had been suffering from. It seems to be very likely that apparently liberal administrations of the Republican era would in the time of the crisis and the following years behave in the same way as Roosevelt's government did. The agrarian problems are a model example of a clear course represented by the state's growing involvement dating back to progressive years of the first decade of the 20th century until the policy of New Deal. It is not a coincidence that the agrarian lobbies in Congress of the 1920s and 1930s had a very similar personal make-up.

The most distinct symbol of the Republican era of never-ending growth<sup>25</sup> seemed to be a growing number of Americans in the 1920s benefiting from stock exchange speculations, which would bring in regular and especially increasing profit in the long run. It is the irony of history that it was the very future President who as early as in 1927 would warn — as Secretary of Commerce — about the untenability and unhealthy roots of the speculative boom, as it was being fed by hypertrophied credit expansion, by cutting down taxes on corporation profits, and by the influx of speculative capital. By the second half of the decade the speculative fever had been feeding on itself, thus losing more and more touch with real economy.<sup>26</sup>

When Herbert Hoover came to power, this development had already been unstoppable in fact; America had entered the fifth year of its greatest stock market rise in history, and the majority supported the claim that the United States were — thanks to the open-minded policy of the Republican government — the first country to have overcome the capitalist stage accompanied by cyclical fluctuation. Now times of permanent rise of living standards were expected, and the soaring stock market index became synonymous with a new era of capitalism and its prelude. Post-industrial capitalism was to be kept on a permanently rising trajectory through a combination

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24 The main supporter of farmer groupings became an influential Republican politician, Liberal senator for the state of Nebraska, George Norriss, another of the many keen followers of progressivism and New Deal later on.

25 As H. Hoover put it in his presidential campaign of 1928, "poverty would soon become an unknown word".

26 More on calling this commonly accepted interpretation in question see e.g. RAPPOPORT, R. — WHITE, E. N., *Was There a Bubble in the 1929 Stock Market?*, in: *The Journal of Economic History*, Vol. 53, No. 3, 1993, pp. 549–574.

of maximum space for free enterprise and partnership relations of the state on one side and private entrepreneurs on the other. The remarkable growth in the first post-war decade only strengthened American public's conviction that internal openness and protectionism were an ideal environment for the expansion of American economy to continue.

Thus, the first experience of modernism was entirely positive in the United States, and the public saw minimum reasons for changing the way the Republicans had already entered upon. The generally accepted opinion was expressed by Walter Lippman,<sup>27</sup> one of the first ones in the 1930s who would promote Keynes' theory among American public, when writing in 1927: "More or less subconscious and unplanned activities of the businessmen are today more topical, more courageous and — to a certain degree — even more revolutionary than all the theories coined by the progressives."<sup>28</sup> This sentence is as relevant today as it was then; however, when looking into the history of American economy in the twentieth century we may find hardly any period when its credibility were more undermined than shortly after it was pronounced.

#### **ABSTRACT**

##### **TOWARDS THE GREAT CRASH**

##### **AMERICAN ECONOMIC POLICY AT THE TWILIGHT OF "GOLDEN TWENTIES"**

At the end of the 1920s the structural imbalances in the American economy were growing. They were successfully disguised till 1928 by the loose monetary policy of the central bank together with the Department of the Treasury which was then led by the Secretary of Treasury Andrew Mellon. During the 1920s the volume of assets held by both the American public and big investors and which were interconnected with development on the stock indice was constantly increasing. Trading on the stock markets was becoming more and more common and it was practised directly or indirectly by tens percent of the population. The increase in American household debt in form of the more and more popular instalment loans became another phenomenon of the 1920s. New flat, car and electric appliances became a standard of the American form of the consumer live. The indirect economic regulation by the means of cooperative individualism was growing within whole decade.

#### **KEYWORDS**

The United States of America, the Golden Twenties, Monopolization, Stock Market, Monetary policy

#### **ABSTRAKT**

##### **VSTŘÍC VELKÉMU KRACHU**

##### **AMERICKÁ HOSPODÁŘSKÁ POLITIKA NA SKLONKU „ZLATÝCH DVACÁTÝCH LET“**

Koncem 20. let narůstaly strukturální nerovnováhy v americké ekonomice. Ty se do roku 1928 dařilo zastírat uvolněnou monetární politikou centrální banky v součinnosti s ministerstvem financí vedeným Andrewem Mellonem. Během dvacátých let stále rostl objem aktiv držaných americkou veřejností i velkými investory, které byly vázány na vývoj akciového indexu. Obchodování na burze se

<sup>27</sup> Until the 1960s an extremely influential, Conservative-inclined journalist and respected commentator in the sphere of foreign politics, an informal authority especially during the first period of the Cold War.

<sup>28</sup> LIPPMAN, W., *Men of Destiny*, New York 1972, p. 23.

stal běžným jevem a přímo či nepřímo jej prováděly desítky procent populace. Dalším jevem provádějším dvacátá léta byl nárůst zadlužení amerických domácností v podobě rozšiřování praxe splátkových obchodů. Nový byt, auto a elektrické spotřebiče se staly standardem americké podoby konzumního života. Po celou dekádu narůstal nepřímá regulace ekonomiky prostřednictvím praxe tzv. kooperativního individualismu

**KLÍČOVÁ SLOVA**

Spojené státy americké, zlatá dvacátá léta, monopolizace, akciový trh, monetární politika